MEDIAEVAL CONCEPT OF THE JUST PRICE

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Thesis

MEDIAEVAL CONCEPT OF THE JUST PRICE

by

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CHAPTER I

INTRODUCTORY

1. PURPOSE OF THE THESIS

It is the purpose of this study (1) to point out that the principal economic theory in mediaeval society was the moral teaching of the canonists; and (2) to show that the just price, founded upon the moral teaching of the canonists regarding the rules set down for observing the virtue of justice, was the basis for this economic theory.

2. DEFINITION OF TERMS USED

MEDIAEVAL

Like any great social and economic movement in history, an attempt to fix definite limits to the period under discussion would meet with disapproval. The Middle Ages evolved, endured, flowered and faded over a period of centuries. The International Encyclopoedia states:

> The beginning and close of this period are not well agreed upon. It is usual however, to regard the Middle Ages as beginning with the overthrow of the Western Roman Empire by the barbarians in the fifth century and ending at the close of the fifteenth century or the beginning of the sixteenth century. By some, who prefer to use precise landmarks, the Middle Ages are made to extend from the deposition of the Roman Emperor by Odoacer in 476 to the fall of the Byzantine or Greek Empire in 1453 when Constantinople was taken by the Turks.[1]

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1 Dana Carleton Munro, "The Middle Ages", The New International Encyclopoedia, 2nd Edition, XV, p. 609. (New York. Dodd, Mean and Co., 1916).

CHAPTER I

INTRODUCTORY

I. PURPOSE OF THIS THESIS

It is the purpose of this study (1) to point out that the principal economic theory in medieval society was the moral teaching of the canonists; and (2) to show that the just price, founded upon natural standing of the canonists regarding the rules set down for observing the virtue of justice, was the basis for this economic theory.

2. PERSPECTIVE OF TERMS USED

Historical

Like any great social and economic movement in history, an attempt to fix definite limits to the period under discussion would meet with disapproval. The middle ages evolved, matured, flowered and faded over a period of centuries. The International Encyclopedia states:

> The beginning and close of this period are not well agreed upon. It is usual however, to regard the Middle Ages as beginning with the overthrow of the Western Roman Empire by the Teutonic tribes in the 5th century and ending at the close of the 15th century or the beginning of the sixteenth century. Any more, more precise to use precise language, the Middle Ages are those to extend from the deposition of the Roman Emperor by Odoacer in 476 to the fall of the Ottoman or Turkish Empire in 1453 when Constantinople was taken by the Turks.[1]

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[1] James Harleton Mavro, "The Middle Ages", The New International Encyclopedia, 2nd Edition, IV, p. 603. (New York. Dodd, Mean and Co., 1918).

A similar view is taken by the Catholic Encyclopedia which defines the Middle Ages as:

> A term commonly used to designate that period of European history between the Fall of the Roman Empire and about the middle of the fifteenth century. The precise dates of the beginning, culmination and end of the Middle Ages are more or less arbitrarily assumed according to the point of view adopted.[2]

In this paper, the period selected for discussion extends from 1250 A.D. to the advent of the "Black Death" in Europe, 1348 A.D. The principal reason for selecting this period is that within these years can be found the real basis for the "just price" laid down by St. Thomas Aquinas in his Articles dealing with Justice in the "Summa Theologica". An attempt to examine the economic thought after the arrival of the "Black Death" does not concern us in this study.

CONCEPT

Canon Law was the basis for most of the economic concepts of the mediaeval period since all economic life centered about man and his relation to the community. Sir William Ashley states:

> The doctrine of the canon law differed from modern economics in being an 'art' rather than a 'science'. It was a body of rules or prescriptions as to conduct, rather than of conclusions as to fact. All 'art', indeed, in this sense, rests on science; but the science on which the canonist doctrine rested was theology. Theology, or rather that branch of it which we may call Christian ethics, laid down certain principles of right and wrong in the economic sphere; and it was the work of the canonists to apply these to specific transactions and

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2 Charles C. Herbermann, "The Middle Ages", The Catholic Encyclopoedia, (New York. The Encyclopedia Press Inc., 1913), Vol. X, P. 285.

to pronounce judgment as to their permissibility.[3]

The teaching of the mediaeval canonists on economic affairs was nothing more than the application to particular cases of its general teachings on matters dealing with faith and morals. As George O'Brien so aptly puts it:

> In seeking to learn Christian teaching of the Middle Ages on economic matters, we must not look for special economic treatises in the modern sense, but seek our principles in the works dealing with general morality, in the Canon Law.[4]

In this study, instead of attempting to analyze the writings of a group of Canonists and presenting a number of abstract propositions, we will attempt to follow the concepts set forth by St. Thomas Aquinas, since he summed up all preceding thought on the subject and was regarded by his contemporaries as the authority on matters pertaining to the just price. It must here be pointed out however, that there is no indication to suppose that Aquinas was particularly interested in the economic side of life. His treatment of the just price appears in his articles dealing with Justice, and in particular questions, such as "Whether it is lawful to sell a thing for more than its worth?" His primary purpose for writing the "Summa Theologia" was to present an encyclopoedic account of theological truths.

JUST PRICE

The mediaeval definition of Just Price may be defined as a price charged for the sale of goods conducted on a basis of commutative

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3 Sir William Ashley, An Introduction to English Economic History and Theory, Part II, (London. Longmans, Green and Co., 1920), p. 379f.

4 George O'Brien, An Essay on Mediaeval Economic Teaching, (London. Longmans, Green and Co., 1920), p. 13.

justice. There was to be observed in every transaction a common advantage to both parties which should not be more of a burden to one party than to the other, "and consequently all contracts between them should observe equality of thing and thing".[5] Just how this equality could be determined is the subject of this study's next chapter.

3. ORGANIZATION OF THE STUDY

Chapter II is devoted to the mediaeval determination of the just price and its value to mediaeval society. In this chapter it is pointed out that the canonist teaching, as proposed by Aquinas, regarded the just price as a segment of the moral teaching on Justice. The principles that applied to the observance of commutative justice were identical with those applied to observance of equality between buyer and seller in the exchange of a good. Apart from this, however, Aquinas fails to state specific rules that should be followed in determining the just price, so a treatment is given as to how it was determined in the mediaval period. It could be, and often was, fixed by law. When not fixed by law, it was determined by a factor called the "common estimation".

That the just price was not always a rigid price is shown by the acceptance of a maximum and minimum just price, within which limits a just price might exist.

The value of the concept was that itdid much to protect the buyer against paying too high a price for an article and helped to protect

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5 St. Thomas Aquinas, The Summa Theologica, translated by the Fathers of the English Dominican Province, (London. R. and T. Washbourne, Ltd., 1918), Vol. X, II. ii. 61,2.

the seller from receiving a price lower than the article's worth.

Chapter III shows the influence of the Just Price Concept on other Mediaeval concepts. Usury, condemned as totally unjust, was the sale of the use of money. This concept was based upon the same principles as was the just price, and greatly governed what might well be called "the just price of money transactions". Its importance to the treatment of the Just Price Concept lies in precisely that fact, i.e., that it determined the just price for the sale of the use of money.

The canonist concept of commerce is important to the study because it shows that the scholastic teachers of the day approved of trade only under certain conditions, all of which were governed by the principles set forth in the just price concept. Trade and commerce cannot exist without a medium of some sort of exchange and the laws governing exchange were the laws of the just price.

Since the just price existed in the sale of goods, the concept of property enters into this study; for the sale of goods means nothing more than the exchange of property. Since the canonists believed that the right to exchange one's goods for the goods of another was one of the necessary corollaries of the right of private property, an inquiry into their discussion of private property and ownership is made to show its influence on the Just Price Concept.

Chapter IV, the Just Price Within the Guild, shows the type of economic societies in existence during the mediaeval period. Organized to promote the general well-being of the community in which they flourish-

ed, their policies on matters of price regulations were the policies dictated by the moral principles governing the just price.

CHAPTER II

MEDIAEVAL DETERMINATION AND APPLICATION OF THE JUST PRICE CONCEPT

According to the scholastics, the right that people had to exchange their goods with one another was one of the necessary corallaries of the right of private ownership. For suchan exchange to be just however, it must be conducted on the basis of commutative justice, which consists in observing equality according to the arithmetical mean. In the article of the 'Summa' where the question is discussed, "whether the mean is to be observed in the same way in distributive as in commutative justice?" we find this concept clearly expressed:

> In commutations something is delivered to an individual on account of something of his that has been received as may be s een chiefly in selling and buying, where the notion of commutation is found primarily. Hence it is necessary to equalise thing with thing, so that the one person should pay back to the other just so much as he has become richer out of that which belonged to the other. The result of this will be equality according to the arithmetical mean, which is gauged according to equal excess in quantity. Thus 5 is the mean between 6 and 4, since it exceeds the latter, and is exceeded by the former by 1. Accordingly, if at the start both persons have 5, and one of them receives 1 out of the others belongings, the one that is the receiver will have 6, and the other will be left with 4: and so there will be justice if both are brought back to the mean, 1 being taken from him that has 6 and given to him that has 4, for then both will have 5, which is the mean.[1]

Aquinas, in his next article goes on to discuss the matter of each type of justice.

> Justice is about certain external operations, namely distribution and commutation. ... If, however, we take for the matter

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1 St. Thomas Aquinas, The Summa Theologica, translated by the Fathers of the English Dominican province, (London. R.andT. Washbourne, Ltd., 1918), Vol. X, II. II. 77,1.

> of both kinds of justice the principle actions themselves, whereby we make use of persons, things, and works, where is then a difference of matter between them. For distributive justice directs distributions, while commutative justice directs commutations that can take place between two persons. Of these some are involuntary, some voluntary. They are involuntary when anyone uses another man's chattel, person, or work against his will, and this may be done secretly by fraud, or openly by violence. ... Voluntary commutations are when a man voluntarily transfers his chattel to another person. And if he transfer it simply so that the recipient incurrs no debt, as in the case of gifts, it is an act, not of justice but of liberality. A voluntary transfer belongs to justice in so far as it includes the notion of debt.[2]

Aquinas continues by distinguishing the various types of voluntary transfer -- vis. selling and buying, usufruct, borrowing on loan, letting and hiring, and deposit, then concludes, "In all these actions, whether voluntary or involuntary, the mean is taken in the same way according to the equality of repayment. Hence all these actions belong to the one same species of justice, namely commutative justice."[3]

Originally, exchange was conducted by means of barter. In barter a certain amount of one commodity, say wine, is given for a certain quantity of another commodity, e.g. wheat, because it is supposed that the needs satisfied on one side are equal to the needs satisfied on the other. Later, as society progressed and it became practically impossible to determine with any degree of accuracy the value of exchangeable objects with out the intervention of some common measure of value, money was invented to serve as such a measure, The two kinds of exchange, barter and money-purchases, are fundamentally

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2 Ibid., II. ii. 61,3.
3 Ibid., II. ii. 61,3.

the same, and the principle governing the determination of true value is the same in both cases. The just price of an article will be that price which is capable of purchasing other commodities possessed of the same capacity for satisfying needs that is possessed by the original article sold. All sales are really barter carried on through the medium of money.

The mediaeval principle governing a just price in exchange was regarded by Aquinas as an explanation of the application of his general teaching on justice to the particular case of the contract of sale.

> Apart from fraud, we may speak of buying and selling in two ways. First, as considered in themselves, and from this point of view, buying and selling seem to be established for the common advantage of both parties, one of whom requires that which belongs to the other, and **vice versa**. Now whatever is established for the common advantage, should not be more of a burden to one party than to another, and consequently all contracts between them should observe equality of thing and thing. Again, the quality of a thing that comes into human use is measured by the price given for it, for which prupose money was invented. Therefore, if either the price exceed the quantity of the things worth, or, conversely, the thing exceed the price, there is no longer the equality of justice: and consequently, to sell a thing for more than its worth, or to buy it for less than its worth, is in itself unjust and unlawful.[4]

Aristotle's fifth book, entitled "Ethics", seems to be the basis for the scholastic doctrine on the just price. It is here pointed out the need for the creation of money and the uses to which money should be put. "Money is like a measure that equates things, by making them commensurable; for association would be impossible without exchange,

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4 Ibid., II. ii. 77,1.

exchange without equality, and equality without commensurability."[5] During the era of the Roman Empire, the law permitted the utmost freedom of contract in sales. Two contracting parties were permitted to fix their own price at their own risk; and it was almost universally accepted that selfishness and desire for self-enrichment was the motivating factor of every contracting party.

The Christian concept of the just price "seems to have its origin in passage of Saint Augustine"[6] but it was not until the end of the twelfth century that the concept entered into the philosophical realm of the Canonists. Aquinas does not adequately state the principles upon which the just price itself should be arrived at because "he took them for granted as they were not disputed or doubted."[7] He does, however, treat the subject of the just price at length and expresses absolute opinions upon many points connected with it. Before further discussing Aquinas' treatment of the subject, an attempt will be made to show just what the principles were on which the just price is based.

THE JUST PRICE FIXED BY LAW

It was universally accepted by all mediaeval jurists and theologians that the state had the right and power to establish prices. "According to Gerson: 'The law may justly fix the price of things

5 Arthur Eli Monroe, "Aristotle, Politics and Ethics", Early Economic Thought, (Cambridge. Harvard University Press, 1924), P. 28.

6 George O'Brien, An Essay on Mediaeval Economic Teaching, (London. Longmans, Green and Co., 1920), P. 105.

7 Palgrave, "St. Thomas Aquinas", Dictionary of Political Economy, (London. MacMillan and Co. Limited, 1926). Vol. I, P. 48f.

which are sold, both movable and immovable, in the nature of rents and not in the nature of rents, and feudal and non-feudal, below which price the seller must not give, or above which the buyer must not demand, however they may desire to do so. As therefore the price is a kind of measure of the equality to be observed in contracts, and as it is sometimes difficult to find that measure with exactitude, on account of the varied and corrupt desires of man, it becomes expedient that the medium should be fixed according to the judgment of some wise man ... . In the civil state however, nobody is to be decreed wiser than the law-giving authority. Therefore it behooves the latter, whenever it is possible to do so, to fix the just price, which may not be exceeded by private consent and which must be enforced. ..."[8]

This passage indicates that when a just price was fixed by a competent authority the contracting parties were bound to keep it; the legitimate price was ipso-facto the just price. The law-giving authorities always meant to fix prices so that no one should pay exorbitantly, and also so that no one should be underpaid for his work. All sorts of rates, which are not reached by bargaining and by the higgling of the market were then regarded as the proper subject of official regulation. The circumstances of the day and limited character of the markets rendered this system convenient.[9] The power of establishing the just price was not necessarily limited to the law-giving authority of the

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8 Gerson, De Cont., i. 19, cited by O'Brien, op. cit., p. 106.

9 W. Cunningham, The Growth of English Industry and Commerce, (Cambridge, Harvard University Press, 1882), p. 172F.

district but could be, and often was, delegated to town authorities, the guilds, and the Church.[10]

THE JUST PRICE NOT FIXED BY LAW

In the case of an article exchanged where the just price was not determined by law, the contracting parties had to arrive at the just price themselves. The basic problem confronting the contracting parties was to reduce the value of the goods to be exchanged to a monetary value. To clearly state how the just price could be obtained in such a case, it is essential to point out the various factors responsible for judging the monetary value of an article.

O'Brien points out: "The first thing upon which the mediaeval teachers insist is that value is not determined by the intrinsic excellence of the thing itself, because, if it were, a fly would be more valuable than a pearl, as being intrinsically more excellent. Nor is the value to be measured by the mere utility of the object for satisfying the material needs of man, for in that case, corn should be more valuable than precious stones."[11] The value of an object then, is to be measured by its capacity to satisfy men's needs.[12] Bearing in mind the mediaeval Christian notion that individual benefit must always be subordinated to the general welfare, we may safely deduce that this capacity to satisfy men's needs was not the capacity to satisfy the

10 William Roscher, Principles of Political Economy, translated by John J. Lalor, (New York. Henry Holt and Co., 1878), Vol. I, pp. 333--6.
11 O'Brien, op. cit., p. 110.
12 Aquinas, op. cit., II. ii. 77,1.

individual needs of a member of the community, but the needs of the average member of the community.

Mediaeval writers show a sharp insight into the elements which invest an object with the value which is accorded it by the general estimation. First they undertake the discussion of the cost of production of the article, especially the wages of all those who aided in its production. While this was discussed primarily by later mediaeval writers; it was nonetheless of great importance during the period with which we are concerned. We find in the Catholic Encyclopoedia that "The just price of an article included enough to pay fair wages to the worker, that is, enough to enable him to maintain the standard of living in his class."[13] This concept, though not explicitly stated by Aquinas, was probably assumed by him as too obvious to need repetition.[14]

Mediaeval writers have often been accused by economists of proposing a labor theory of value wherein the cost of the labor of production was the only factor involved in the determination of the value of an article. However, it has been shown already that factors other than the cost of production, which in this period actually amounted to costs of labor, were regarded as equally important. Aquinas stressed this point:

> The measures of saleable commodities must needs be different in different places, on account of the difference of supply: be-

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13 Frank O'Hara, "Political Economy", The Catholic Encyclopoedia, (New York. The Encyclopoedia Press Inc., 1913). Vol. XII, p. 214f.

14 Palgrave, op. cit., p. 48f.

> cause where there is greater abundance, the measures are wont to be larger. However, in each place those who govern the state must determine the just measures of things saleable, with due consideration for the conditions of place and time. Hence it is not lawful to desregard such measures as are established by public authority or custom.[15]

It is here implied that the just price might be arrived at by a reference to the state of the market, the quantity of supply and by a factor which will here be called the "common estimation". If the seller of a good suffers a loss, this factor too must be taken into consideration. "In such a case the just price will depend not only on the thing sold, but on the loss which the sale brings on the seller".[16]

The just price then, when not fixed by law, was held to be that price that was in accord with the common estimation. This meant that any price that was in accordance with the general course of dealing at the time and place of the sale, was considered substantially fair. "For the scholastics, the common estimation meant an ethical judgment of at least the most influential members of the community anticipating the markets and fixing the rate of exchange."[17] In an attempt to show the difference between the mediaeval just price and the competition price of today, Cunningham holds:

> Common estimation is the exponent of the natural or normal or just price, according to either the mediaeval or modern view; but whereas we rely on the higgling of the market as the means of bringing out what is the common estimate of any object, mediaeval economists believed that it was possible to bring common estimation into operation beforehand, and by the consultation of ex-

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15 Aquinas, op. cit., II. ii. 77,2.
16 Ibid., II. ii. 77,1.
17 Kelleher, Irish Theological Quaterly, Vol. XI. p. 133, cited by O'Brien, op. cit., p. 116.

> perts, to calculate out what was the just price. If common estimation was thus organised, either by the town authorities or guilds or parliament, it was possible to determine beforehand what the price would be and to lay down a rule to this effect; in modern times we can only look back on the competition prices and say by reflection what the common estimation has been.[18]

That this price was not a fixed and unalterable standard, but was a standard somewhat wide and elastic was held by Aquinas in his article on "Whether it is lawful to sell a thing for more than its worth?" wherein he discusses the case of a seller who, without knowledge, sells a good for more than its worth. If the price is not excessive, the law looks upon this sale as licit.

> On the other hand, the Divine law leaves nothing unpunished that is contrary to virtue. Hence according to the Divine law, it is reckoned unlawful if the equality of justice be not observed in buying and selling: and he who has received more than he ought must make compensation to him that has suffered loss, if the loss be considerable. I add this condition because the just price of things is not fixed with mathematical precision, but depends on a kind of estimate, so that a slight addition or subtraction would not seem to destroy the equality of justice.[19]

It was generally accepted that there existed a maximum, medium, and minimum just price; and that any price between the maximum and minimum was valid, although the medium was to be aimed for as far as possible. The basis for this concept can be found in the above quotation from Aquinas where he clearly states that the just price is flexible, within certain limits. Later writers developed this concept, but Aquinas merely stated its foundation. Sullivan, in his "Ethics" gives an excellent summation of the concept of common estimation as

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18 Cunningham, op. cit., p. 353.
19 Ibid., II. ii. 77,2.

stated by the mediaeval writers, but applies it to current practice. It is appropriate to quote it here however, since it clearly shows the development of Aquinas' ideas on the subject.

> The just price of an article is somewhat elastic and varies between what is known as the highest just price (summum pretium) and the lowest just price. To sell or buy above the highest just price or below the lowest just price involves injustice. Thus the common estimate puts the just price of a pair of shoes somewhere between five dollars and fifteen dollars, roughly speaking. Thus one merchant might sell a pair of shoes for five dollars and the merchant across the street might sell the same kind of shoes for six dollars and there would be no injustice. The price remains within the zone of the just price. But to sell a pair of shoes for forty dollars would violate justice; even if the buyer paid the price freely. A free contract is not necessarily a fair contract.[20]

The price fixed by common estimation was the price to be observed in most cases. If, however, the parties either knew or had good reason to believe that the common estimation had fixed the price wrongly, they were not bound to follow it, but should arrive at a just price themselves, having regard to the various considerations given above.[21]

The question now arises whether a problem was created if the price of an article was paid for immediately or at some future date. It appears that the answer must be "no", for to increase the price of an article in return for credit was forbidden, since it was considered to be a usurious practice. If the seller did not take his money at the time of the sale, he was regarded to be making a loan of that amount to the buyer and to receive an amount above that lent would be usury. Aquinas is quite explicit on this:

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20 Rev. Joseph F. Sullivan, S.J., Special Ethics, (Holy Cross College Press, 1947), p. 115f.

21 Nider, De Cont. Merc., ii., cited by O'Brien, op. cit., p. 118.

> If a man wishes to sell his goods at a higher price than that which is just, so that he may wait for the buyer to pay, it is manifestly a case of usury because this waiting for the payment of the price has the character of a loan, so that whatever he demands beyond the just price in consideration of this delay, is like a price for a loan, which pertains to usury. In like manner, if the buyer wishes to buy goods at a lower price than what is just, for the reason that he pays for the goods before they can be delivered, it is likewise a sin of usury; because again this anticipated payment of money has the character of a loan, the price of which is the rebate on the just price of the goods sold. On the other hand, if a man wishes to allow a rebate on the just price in order that he may have his money sooner, he is not guilty of the sin of usury.[22]

As pointed out before, if the seller suffered any loss by the deferred payment, he was then entitled to be recompensed.[23] If this happened, the price could not be said to be raised because the seller was entitled to something further than the price of the article by way of damages. It was strictly forbidden however, to raise the price of an article because of the individual need of the buyer. "On the contrary, all things ... whatsoever you would that men should do to you, do you also to them. But no man wishes to buy a thing for more than its worth. Therefore no man should sell a thing to another man for more than its worth."[24]

To say that the mediaeval just price differed in no way from the competition price of today would be quite incorrect. "All sorts of rates", says Dr. Cunningham, "which are now reached by bargaining and by the higgling of the market, were then regarded as the proper

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22 Aquinas, op. cit., II. ii. 78, 2, R.7.
23 Ibid., II. ii. 77,1.
24 Loc. cit.

subject of official regulation. The circumstances of the day and the limited character of the markets rendered this system convenient; but it had also very strong support in the current morality of the time. So long as theorists maintained that every article had an intrinsic just price which was ordinarily ascertained by 'common estimation', and which was, as a matter of fact, closely related to the expenses of production, the strongest prejudice was excited against those who made a living by taking advantage of variations of price in different places or at different seasons of the year".[25]

THE JUST PRICE OF LABOR

Specific rules were laid down to aid in determining the just price for certain types of goods. Since these were merely the applications of the principle to particular cases, they need not be treated here in detail. However, there is one particular contract that causes concern here, viz., the contract of paying wages for services and labor rendered.

Wages were considered as ruled by the laws relating to the just price. Aquinas defines a wage as that "which is paid to anyone as a recompense for his work and labor. Therefore, as it is an act of justice to give a just price for a thing taken from another person, so also to pay the wages of work and labor is an act of justice."[26] In another section: "Remuneration of service or work ... can be priced

25 Rev. William Cunningham, D.D., "Economic Change", The Cambridge Modern History, (New York. The MacMillan Co., 1902), Vol. I, p. 495f.
26 Aquinas, op. cit., II. ii. 114, 1.

at a money value, as may be seen in the case of those who offer for hire the labor which they exercise by work or by tongue."[27]

The Mediaeval writers of this period did not deem it necessary to enter into the discussion of what determines a just wage because, as has been stated before, the rules established for the just price in commutations were also to be followed when determining a just wage. "It was not until the sixteenth century," says O'Brien, "that the fixing of the just price of wages was submitted to scientific discussion. The reason for this scarcity of authority upon a subject of so much importance is that in practice the machinery provided by the guilds had the effect of preserving a substantially just remuneration to the artisan. When a man is in perfect health he does not bother to read medical books. In the same way, the proper remuneration of labor was so universally recognized as a duty and so satisfactorily enforced, that it seems to have been taken for granted, and therefore passed over, by the writers of the period."[28]

In a future chapter entitled, "The Just Price Within the Guild", it will be pointed out that wages were fairly constant, and due to the steady demand and absence of speculation, work was able to be assigned on a planned basis.[29]

THE APPLICATION OF THE JUST PRICE CONCEPT

The teaching of the canonists on the ~~the~~ just price did not aim so

27 Ibid., II. ii. 78, 2, R 3.
28 O'Brien, op. cit., P. 122f.
29 Bernard W. Dempsey, "Mediaeval Society", Planned Society, (New York. Prentice-Hall Inc., 1937), P. 47f.

much at positively fixing the price at which goods should be sold as it did at indicating those practices in buying and selling which were unjust. Aquinas treats of it in his questions about Justice and Cheating, which is committed in buying and selling. Positive rules were laid down as to why a person should not charge more than the good is worth. The reason for this was that competition in the mediaeval markets was such that it was not always fair competition, and the price arrived at would not always be fair to either the buyer or the seller. "This", according to Cunningham, "wasthe very thing which mediaeval regulation had been intended to prevent, as an attempt to make gain out of the necessities of others, or to reap profit from unlooked-for occurrences whould have been condemned as extortion. It is by taking advantage of such fluctuations that money is most frequently made in modern times, but the whole scheme of commercial life in the Middle Ages was supposed to allow of a regular profit of each transaction".[30]

Certain monopolies were permitted and even established by the State in order to insure that a just price would exist in the exchange of goods. Thus we have the State sanctioning the monopoly-like aspects of the guilds, wherein the price of the article produced by the members of the guild is fixed beforehand and assumed to be the just price if it followed the rules set down for the determination of a just price. However, monopolies established without the sanction of the State and aimed at raising the price of goods above the just price

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30 Cunningham, Growth of English Industry and Commerce, op. cit., P. 460f.

[30] Commons, Growth of Economic Thought, op. cit., p. 1001.

were looked upon as being evil and against the teachings of justice. For, "it is unlawful to sell a thing for more than it is worth in itself, though the price paid be not more than it is worth to the owner."[31] Thus, the doctrine of the just price protected buyers in times of scarcity because merchants who had supplies of scarce goods could be compelled to sell them at a just price. It proved to be a deadly weapon against those who would seek profit in times of distress. The Canonists, Aquinas in particular, held that no individual should be allowed to grow wealthy at the expense of injuring the whole community. In his article on theft, we find: "The second thing that is compelent to man with regard to external things is their use. In this respect man ought to possess external things not as his own, but as common, so that to wit, he is ready to communicate them to others in their need."[32] One who would charge a rate higher than the just rate was looked upon as the natural enemy of the poor.

It must be kept in mind that the just price was like a two edged sword, one side of which protected the buyer, and the other side the seller. For in commutations, justice was to be observed between both; inequality was to be avoided.[33] It was equally against justice for the buyer to give too little for an article as it was for the seller to charge too much. This was primarily due to the fact that labor was the most important factor involved in mediaeval activity, and to

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31 Aquinas, op. cit., II. ii. 77,1.
32 Ibid., II. ii. 66,2.
33 Ibid., II. ii. 77,1.

pay less for an article than its worth would be to deprive the producer of a portion of the value of his labor that is due him. We find in the Catholic Encyclopoedia: "To the mediaeval theologian, the just price of an article included encugh to pay fair wages to the worker, that is, enough to enable him to maintain the standard of living of his class."[34] "The difference", says Cunningham, "which emerges according as we start from one principle or the other comes out most distinctly with reference to wages. In the Middle Ages wages were taken as a first charge; in modern times the reward of the labourer cannot but fluctuate in connection with fluctuations in the utility and market price of things. There must always be a connection between wages and prices, but in the olden times wages were the first charge, and prices on the whole depended on them ..."[35]

34 O'Hara, op. cit., P. 215.
35 Cunningham, op. cit., P. 461.

CHAPTER III

INFLUENCE OF THE JUST PRICE CONCEPT ON OTHER MEDIAEVAL CONCEPTS

I USURY AND THE JUST PRICE

The problem now encountered is to discover what the canonists held in regard to the loan of goods and money. It has already been shown that in the exchange of goods or services, specific rules were laid down which should be followed in determining the just price for an article or a service. In the loan of money or goods where one person borrows a set amount from another person, the same maxims govern the transaction, since the justice involved remains the same in both cases.

Aquinas' treatment of the subject of usury seems to follow the Aristotelean distinction between the natural economy of the household and the unnatural form of the science of supply: the art of money-making. According to Aristotle:

> The most hated sort, and with the greatest reason, is usury, which makes a gain out of money itself, and not from the natural use of it. For money was intended to be used in exchange, but not to increase at interest. And this term usury, which means the birth of money from money, is applied to the breeding of money because the offspring resembles the parent. Wherefore of all modes of making money, this is the most unnatural.[1]

This concept advanced by Aristotle was accepted throughout the early Middle Ages and was a favorite problem with the earlier theologians.

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1 Arthur Eli Monroe, "Aristotle, Politics and Ethics", Early Economic Thought, (Cambridge. Harvard University Press, 1924). P. 20.

However, by the time of Aquinas, it was a problem of immediate concern, due to the rise of the merchant guilds and the ever-increasing use of money as an appropriate means of exchange. Seeking to discover whether it is a sin to take usury for money lent, Aquinas arrives at the conclusion: "To take usury for money lent is unjust in itself because this is to sell what does not exist, and this evidently leads to injustice."[2]

He then goes on to distinguish between fungibles, vis., things consumed in use, and non-fungibles, i.e., things not consumed in use. Wine is fungible, therefore if a person borrows a bottle and consumes it, he is required to return a bottle of like quantity and quality. To be required to return an amount over this would constitute usury. Apiece of property, like a house, is however, a non-fungible; therefor it is permitted to charge for the use of the house since no injustice is commited.

No license was granted to the practice of usury for the loan of money. Aquinas' main argument on this point only becomes intelligible in connection with the distinction, drawn in Roman Law. If you give a loan of money, vis., mutuum, you part with the property in the article, and if you later acquire the property in a similar article, you should be satisfied. If you demand payment for the use of the money and insist on it being replaced as well, you charge for some-

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[2] St. Thomas Aquinas, The Summa Theologica, translated by the Fathers of the English Dominican Province, (London. R. and T. Washbourne, Ltd., 1918.), Vol. X, II. ii. 78,1.

thing that has no existence, for money can only be used by spending. Aquinas explains it thusly: "If one exacts more for the usufruct of a thing which has no other use buy the consumption of its substance, he exacts a price of something non-existent: and so his exaction is unjust".[3]

If, however, the borrower does not apply for the money in order to spend it, but applies so that he might display the money, the case is different. The money then becomes a non-fungible, since it was not consumed in use, and rent might be extracted from the borrower, as in the case of letting a house. In reply to the argument that since it is lawful to accept a price for the loan of a silver vessel and therefore for the loan of coins made out of the same substance, we find:

> The principal use of a silver vessel is not its consumption, and so one may lawfully sell its use while retaining one's ownership of it. On the other hand, the principal use of silver money is sinking it in exchange, so that it is not lawful to sell its use and at the same time expect the restitution of the amount lent. It must be observed, however, that the secondary use of silver vessels may be an exchange, and such use may not be lawfully sold. In like manner there may be some secondary use of silver money; for instance, a man might lend coins for show, or to be used as security.[4]

If we consider the nature of money we see that it has been devised to serve as a medium of exchange, and it does greatly facilitate the natural type of exchange where mutual needs are satisfied by bartering the products of each others works, as has already been pointed out.

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3 Ibid., II. ii. 78, 2, R5.
4 Ibid., II. ii. 78, 1, R6.

But to treat it as a source of gain is to divert it from its proper function and to make gain where no gain naturally is derived.

It is of interest to point out how closely the rules governing justice in commutations were applied to usury:

> The raising of the price of a loan because of some special benefit derived from it by the borrower is precisely analogous to raising the sale price of an object because it is of some special individual utility to the buyer. On the other hand, as we shall see further down, any special damage suffered by the lender was a sufficient reason for exacting something over and above the amount lent; this was precisely the rule that applied in the case of sales, when the seller suffered any special damage from parting with the object sold. Thus the analogy between sales and loans was complete at every point. In both, equality of sacrifice was the test of justice.[5]

The mediaeval teaching on usury was, then, quite clear and well defined. Payment of a price for the use of money lent in addition to the repayment of the money lent was in all cases forbidden. "Mutuum" was essentially a sale and being such, was subject to the rules governing sales. It must be mentioned here, however, that the mediæval prohibition of usury was not the same as a prohibition of interest. In fact while usury was absolutely forbidden, interest was permissable in every case.

The justification for interest can be found in the same sources cited that forbade usury. In both cases the equality of commutative justice was observed. While it was unjust that a price higher than the amount lent should be repaid, it was also unjust if the loaner

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5 George O'Brien, An Essay on Mediaeval Economic Teaching, (London. Longman's, Green and Co., 1920), P. 182.

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3 George O'Brien, An Essay on Medieval Economic Teaching, (London. Longmen's, Green and Co., 1920), p. 189.

found himself suffering damage as a result of the loan. The borrower, in such a case, must repay the lender for any damage that he had suffered, for the lender was entitled to compensation for the difference in his condition occasioned by the transaction. Ashley states that such a case may come about if the lender of a sum of money, being under obligation to someone else, is forced to borrow money at usury because the borrower has failed to repay him.[6] This concept of paying an interest rate because of damage suffered by the lender was clearly stated by Aquinas:

> A lender may without sin enter an agreement with the borrower for compensation for the loss he incurs of something he ought to have, for this is not to sell the use of money, but to avoid a loss. It may also happen that the borrower avoids a greater loss than the lender incurs, wherefore the borrower may repay the lender with what he has gained.[7]

To develop further the mediaeval concept of interest does not concern us here. The concept of paying an interest charge to one who has suffered damage due to the loan of a sum of money, is introduced into this discussion merely to point out the full analogy between loans and sales, as explained above.

Before concluding this discussion on usury, it must be said that while usury itself was forbidden, there were conditions existing whereby it was lawful for a person to borrow at usury. In such cases, the borrower would not be committing usury, but the loaner would be in accepting an amount greater than the sum lent. The principal

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6 William J. Ashley, An Introduction to English Economic History and Theory, (London. Longmans, Green and Co., 1919). Pt. I. P. 400.

7 Aquinas, op. cit., II. ii. 78, 2, R1.

condition for borrowing at usury was that the borrower should accept the loan for a good purpose, e.g., alleviating his own or his neighbor's needs. Thus we find in Aquinas:

> It is by no means lawful to induce a man to sin, yet it is lawful to make use of another's sin for a good end, since even God uses all sin for some good, since He draws some good from every evil. ... accordingly it is by no means lawful to induce a man to lend under a condition of usury: yet it is lawful to borrow for usury from a man who is ready to do so and is a usurer by profession; provided the borrower have a good end in view, such as the relief of his own or anothers needs.[8]

In the period immediately following the one with which we are concerned, usury and interest were widely discussed. However, Aquinas' teachings on usury held throughout the whole period of the Middle Ages, and was constantly cited as the source for the Canonist doctrine on its prohibition.

II MEDIAEVAL CONCEPT OF COMMERCE

What the attitude of the canonists was in regard to commerce appears pertinent because commerce was one of the methods employed in transactions, i.e., buying and selling. Aquinas discusses the legitimacy of commerce in the same question in which he discusses the just price, primarily because the importance of the observance of justice in buying and selling grew more urgent as commerce expanded and advanced.

"In order to understand the disapprobation with which commerce was on the whole regarded in the Middle Ages, it is necessary to appreciate

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8 Ibid., II. ii. 78,4.

the importance of the Christian teaching on the dignity of labour."[9]

Man's labor had been elevated by the Canonists to a high plane of dignity. Monastic life, where the monks tilled their soil, made their clothes and performed all their manual tasks was set as an example for the people. Statues of the Saints working over a spinning spool or using carpenter's tools were found in most of the Churches. "Since the Saints", says the Christian Monitor, "have laboured, so shall the Christian learn that by honourable labour he can glorify God, do good, and save his own soul."[10] Manual labor alone was not the only type worthy of praise. All types of labor were considered noteworthy, especially those of mental and spiritual composition.

A division of labor was recognized by St. Thomas Aquinas when he wrote:

> Because many things are necessary to human life, with which one man cannot provide himself, it is necessary that different things should be done by different people; therefore some are tillers of the soil, some are raisers of cattle, some are builders, and so on; and because human life does not simply mean corporal things, but still more spiritual things, therefore it is necessary that some people should be released from the care of attending to temporal matters. This distribution of different offices amongst different people is in accordance with Divine providence.[11]

It is thus established that the Church considered labor, whether mental or manual, worthy of remuneration; but the business of the trader or the merchant required further explanation.

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9 O'Brien, op. cit., pp. 136-137.

10 History of the German People, Vol. 11, p.9, cited by George O'Brien, Ibid., p. 139.

11 Summa Cont. Gent., iii., p. 134, cited by George O'Brien, Ibid., p. 141.

For a definition of commerce, Aquinas gives:

> A tradesman is one whose business consists in the exchange of things. According to the philosopher, exchange of things is twofold; one natural, as it were, and necessary, whereby one commodity is exchanged for another or money taken in exchange for a commodity in order to satisfy the needs of life. Such trading, properly speaking, does not belong to traders, but rather to housekeepers or civil servants, who have to provide the household or the State with the necessaries of life. The other kind of exchange is either that of money for money, or of any commodity for money, not on account of the necessities of life, but for profit; and this kind of trade, properly speaking, regards traders.[12]

It is essential, according to this definition, that the exchange be for money, not necessities. In a later passage we find:

> Not everyone that sells at a higher price than he bought is a trader, but only he who buys that he may sell at a profit. If, on the contrary, he buys, not for sale, but for possession, and afterwards for some reason wishes to sell, it is not a trade transaction, even if he sells at a profit. For he may lawfully do this, either because he has bettered the thing, or because the value of the thing has changed with the change of the place or time, or on account of the danger he incurs in transferring the thing from one place to another, or again in having it carried by hand. In this sense neither buying nor selling is unjust.[13]

In this definition is found the underlying principle that commerce was considered to be the selling of a good at a higher cost than the original, without adding to, or improving the good in any way. Were the good improved, remuneration above the original cost would be justified.

Aquinas entered the Middle Ages at a time when commerce was a highly controversial matter. The Crusades had opened up new commercial fields and brought people into social and economic contact with one

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12 Aquinas, op. cit., II. ii. 77,4.
13 Ibid., II. ii. 77,4,ad2.

another. In his De Regimine Principum, Aquinas acknowledges the importance of commerce by showing that there exists two ways in which any State can be enriched.

> One, which is the more worthy way, is an account of the fertility of the country producing an abundance of all things which are necessary for human life, the other is through the employment of Commerce, through which the necessities of life are brought from different places. The former method can be clearly shown to be the more desirable.... It is more admirable that a State should possess an abundance of riches from its own soil than through commerce. For the State which needs a number of merchants to maintain its subsistence is liable to be injured in war through a shortage of food if communications are in any way impeded. Moreover, the influx of strangers corrupts the morals of many of the citizens ... whereas, if the citizens themselves devote themselves to commerce, a door is opened to many vices. For when the desire of merchants is inclined greatly to gain, cupidity is aroused in the hearts of many citizens .... For the pursuit of a merchant is as contrary as possible to military exertion. For merchants abstain from labours, and while they enjoy the good things of life, they become soft in mind and their bodies are rendered weak and unsuitable for military exercises .... It therefore behooves the perfect State to make a moderate use of commerce.[14]

Commerce, recognized by Aquinas as necessary, was not considered sinful in itself, but an occasion of sin:

> Trade is justly deserving of blame, because, considered in itself, it satisfies the greed for gain, which knows no limit, and tends to infinity. Hence trading, considered in itself, has a certain debasement attaching thereto, in so far as, by its very nature, it does not imply a virtuous or necessary end. Nevertheless gain, which is the end of trading, though not implying, by its nature, anything virtuous or necessary, does not, in itself, cannote anything sinful or contrary to virtue; wherefore nothing prevents gain from being directed to some necessary or even virtuous end, and thus trading

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14 St. Thomas Aquinas, De Regime Principum. ii,3, cited by George O'Brien, ibid., p. 147.

> becomes lawful. Thus, for instance, a man may intend the moderate gain which he seeks to acquire by trading for the upkeep of his household, or for the assistance of the needy; or again, a man may take to trade for some public advantage -- for instance, lest his country lack the necessaries of life -- and seek gain, not as an end, but as payment for his labour.[15]

St. Thomas' teachings on commerce very definitely justify trade if the motive for gain was for the improvement of the community. Further, it has been shown that commerce exists only where goods are exchanged for a profit. Some modern economists hold that commercial gains in the Middle Ages were based on a return for labor. Aquinas clearly stated that where labor was involved in a trade exchange, by either improving the article or taking a risk when the article was originally bought for private use, then exchanged, there was no question of a reward for labor. The doctrine of commerce rested entirely on its own merits, not on labor.

III MEDIAEVAL CONCEPT OF PROPERTY

The importance of the canonist concept of property to this study is apparent. As has been indicated, the right to exchange one's goods for the goods of another was one of the necessary corollaries of the right of private property. It is therefore, essential to our discussion to understand the scholastic doctrine on private property since the just price flows from the exchange of property.

On the subject of property, the canonist teaching was clear and logical. Man, being a sociable being, and subject to human faults,

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15 Aquinas, op. cit, II. ii. 77,4.

had a natural right to the ownership of property. St. Thomas explains the necessity for property thusly:

> Two things are competent to man in respect of external things. One is the power to procure and dispense them, and in this regard it is lawful for a man to possess property. Moreover, this is necessary to human life for three reasons. First because every man is more careful to procure what is for himself alone than that which is common to many or to all; since each one would shirk the labour, and would leave to another that which concerns the community, as happens when there is a great number of servants. Secondly, because human affairs are conducted in more orderly fashion if each man is charged with taking care of some particular thing himself, whereas there would be confusion if everybody had to look after anyone thing indeterminately. Thirdly, because a more peaceful state is ensured to man if each one is contented with his own. Hence it is to be observed that quarrels more frequently occur when there is no division of the things possessed.[16]

Aquinas makes it clear that property is a thing essential to the existence of society due to man's fallen nature.

The Scholastics held that man has the right from nature to use material things, since they are necessary means of preserving his life and working out his destiny. But this right of use cannot be exercised without the right of ownership; therefore man has the right of ownership. This doctrine becomes clear when it is realized that man needs goods to live that are consumed in use. It would be impossible to consume a good unless man had the right of ownership.[17]

In distinction to the natural law, property was also held to be according to the human law in the sense that whereas the general

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16 Aquinas, op. cit., II. ii. 66,2.

17 Joseph J. Sullivan, Special Ethics, (Worcester. Holy Cross College Press, 1947), p. 97.

rule that men should have the right to own things might be said to be natural, the particular proprietary rights of each individual was determined by positive law. Aquinas clearly states this destinction:

> The natural right or just is that which by its very nature is adjusted to or commensurate with another person. Now this may happen in two ways; first, according as it is considered absolutely; thus the male by its very nature is commensurate with the female to beget offspring by her, and a parent is commensurate with the offspring to nourish it. Secondly, a thing is naturally commensurate with another person, not according as it is considered absolutely, but according to something resultant from it -- for instance, the possession of property. For if a particular piece of land be considered absolutely, it contains no reason why it should belong to one man more than to another, but if it be considered in respect of its adaptabilityto cultivation and the unmolested use of the land, it has a certain commensuration to be the property of one and not of another man.[18]

From the above quotation it must not be inferred that no natural titles to property exist. For example, labor was held as a title flowing from the natural law. What is meant is that while the goods of the earth are conferred by God upon mankind as a whole, they cannot be made use of unless they are made the subject of private ownership. Specific goods cannot be designated as belonging to this particular person or other unless some human act has decreed it so.

From the above, it is shown that Aquinas was unmistakably in favor of the legitimacy of private property. Later writers followed his teachings to the letter and it is clearly shown from their writings that this right of private ownership was the cornerstone of the mediaeval economic system. O'Brien points out that:

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18 Ibid., II. ii. 57,3.

> A community of goods, more or less complete, and a denial of the rights.of private property was part of the teaching of many sects which were condemned as heretical -- for instance, the Albigenses, the Vaudois, the Begards, the Apostoli, and the Fratricelli.[19]

The acquisition of property was of minor concern to the Canonists. They recognized the titles of ownership as being occupancy, labor, gift, bequest on inheritance, etc., and concerned themselves with the moral applications of the use of property, once acquired.[20]

Ownership was held to be a natural right, but this right was never unconditional. The primary purpose for ordaining the earth was to sustain all men. The logical approach to accomplish this end was to create divisions of property; yet these divisions could not be such as to defeat the primary purpose. Confirmation of the Church's belief in this doctrine is found in the 66th question of the Secunda Secundae: ". . . To use the property of another, taking it secretly in a case of extreme need cannot, properly speaking, be characterized as theft."[21]

If an owner of property was not utilizing it and was letting it lay idle while the community, or while a person in need of it, suffered, the owner could, and should be forced to make proper use of his possession. If the community was required to take the property (assume it was land), justice demanded that the community pay for it. If, however, an individual in need required the property, even though he could not pay for it, he was entitled to take it.

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19 O'Brien, op. cit., p. 66.
20 Sullivan, op. cit., p. 114.
21 Dempsey, op. cit., p. 63.

CHAPTER IV

JUST PRICE WITHIN THE GUILD

Mediaeval Economic control, according to Aquinas, was "the harmonious direction of affairs to their proper end."[1] Divine Providence was the principle of both human and divine government but providence requires the intelligent cooperation of men, working together, to attain their spiritual and temporal ends.

In order to fulfill these ends and attain the common good, the guild was formed. It was widespread throughout the entire Middle Ages; known in every part of Europe wherever men met to govern their economic life.

Although the guild was universally known and practiced, it was concretely a local affair. Every community exchanged goods in its own community for the good of its own members. As in Aristotle's time, foreigners, even though they lived less than a hundred miles away, were metwith cold reserve when they endeavored to exchange goods. This appears strange, when we consider the solidarity that existed on the religious plane. Even Aquinas, in a letter to the young King of Cyprus stated that civic life is upset by intercourse with foreigners. His reason was given as being that citizens are accustomed to definite mores that foreigners might not understand. If a foreigner enters the scene, these local mores might be upset. Perhaps the most logical

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1 Bernard W. Dempsey, "Mediaeval Society", Planned Society, (New York. Prentice-Hall Inc., 1937), p. 47.

explanation for this paradox lies in the prevailing lack of transportation and communication between villages and communities.

To trace the origin of the guilds is impossible. Economists agree only on specific guilds existing at given times; fraternal, religious and commercial amongst the earliest. The most realistic attitude is to accept the fact that there existed in Europe "A way of life accepted by all which made association natural, easy, and permanent and that there was a concrete economic problem of filling the needs of daily life which could most intelligently be met by association".[2] Wherever a successful guild existed, it was imitated.

According to Bernard Dempsey the word "guild" is "an analagous term predicated of things which are the same under one aspect, but different under another".[3] We may consider the guilds under three different aspects, religious guilds, merchant guilds, and craft guilds, overlapping one another by the pervasive religious element.

Religious guilds are defined by Ashley as being: "Clubs or societies for the performance of certain pious offices, and for the mutual assistance in the preservation of peace".[4] Little need be said of this group since they were not necessarily of economic concern. They were organized over all of Europe to participate in the liturgy, give aid to the poor, etc. As we shall see further down, many of the traits of the religious guilds were followed by the merchant and craft guilds.

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2 Ibid., p. 50.
3 Ibid., p. 51.
4 Sir William Ashley, An Introduction to English Economic History and Theory, (London. Longmans, Green and Co., 1920), Vol. I, p. 71.

Merchant guilds first existed in Southern Europe, notably Italy, and spread throughout Europe so that by the middle of the twelfth century they were clearly noticeable. Again citing Ashley:

> The merchant gild, or hanse, was a society formed primarily for the purpose of obtaining and maintaining the privilege of carrying on trade, -- a privilege which implied the possession of a monopoly of trade in each town by the gild brethren as against its other inhabitants. The exact character of the monopoly probably varied somewhat from place to place. Everywhere, apparently, non-members were left free to buy and sell victuals; but if they went further and engaged in regular trade, they became subject to tolls from which the gild brethren were free.[5]

If we bear in mind the original purpose for establishing the guild, namely for the protection of the townspeople and for the common good, it is not incompatible with canonist justice to exact a toll from a non-member of the merchant guild. Rather, justice would demand a fee from those who engaged in trade who did not normally make a living by trading. Ashley seems to support this statement:

> We have noticed that gild assemblies, or its officers on its behalf, drew up regulations and exercised a juridiction in matters of trade. These regulations illustrate clearly a characteristic common both to the merchant and craft gilds, namely that, while each individual member was within certain limits allowed to pursue his own interest as he thought best, there was nevertheless a strong feeling that the trade or industry was the common interest of the whole body; that each was bound to submit to regulations for the common good, and to come to the assistance of his fellow-members.[6]

These guilds were associations of free men banding together to form a society which had monopoly privileges on trade and commerce in a given area. They were permitted to regulate the prices of their

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5 Ibid., p. 70f.
6 Ibid., p. 74.

wares for the communal good of their area. We find these Merchant guilds springing up hand in hand with the rise in towns. The only authority above the guild was the town corporation and in time, so closely connected were the town corporation and the guild corporation, the two were practically identified with one another.

Once established, these Merchant guilds exerted monopoly control over trade in their areas, passing edicts forbidding the people of their area to buy from foreign merchants. Heavy penalties were meted out to townsmen who violated the guild rules.

Ashley, Cunningham, O'Brien and Dempsey all seem to agree that the guild was, unlike a modern society seeking some material gain, an organization intensely and personally interested in its members. "Sick members were visited, and wine and food sent to them from the feasts; brethren who had fallen into poverty were relieved; their daughters were dowered for marriage or the convent; and when a member died, his funeral was attended by the brethren and the due rites provided for."[7]

Craft guilds reached their maturity, roughly speaking, a century later than the merchant guilds. They were "associations of all the artisans engaged in a particular industry in a particular town, for certain common purposes."[8] Dempsey holds that craft guilds evolved primarily because the merchant guilds, once they had obtained power,

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7 Ibid., p. 76.
8 Loc. cit.

began to limit their membership and choked off from those wishing to enter the guild all the privileges that went with being a member.

The rise of the craft guilds, is very similar to the rise of the merchant guilds. First they obtained a charter and then proceeded to practice a definite trade in a given area, having monopoly rights over their product.

For one to enter the craft guild he first had to serve an apprenticeship. The apprentice was contracted out to a given master, by his parents, for a number of years determined by the particular guild. During his apprenticeship, he enjoyed all the rights of membership, though he did not come to be a member until he served his time and passed an examination given by his master. Once a Journeyman, he was free to work for any master he chose.

In connection with our study on the Just Price, we have already seen that fraud or deceit in a transaction was absolutely forbidden by the canonists. It is apparent in the regulations drawn up by the crafts that they aimed at the prevention of fraud and the maintenance of specific standards of size and quality in the goods produced for sale.

> Articles made in violation of these rules were called 'false', just as clipped or counterfeit coin was 'false money'. For such 'false work' the makers were punished by fines, and, upon the third or fourth offence, by expulsion from the trade. Penalties were provided, as far as possible, for every sort of deceitful device; such as putting better wares at the top of a bale than below ----- and many other like tricks.[9]

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9 Ashley, op. cit., p. 90f.

Wages during this period seem to have been controlled by the law determining the just price. There is no doubt whatever that the people suffered sometimes from famines and droughts. In the light of present day conveniences, it may also be said that oftimes their surroundings were unsanitary. "Still there was a standard of comfort which general opinion recognized as suitable for them and which prices were regulated to maintain."[10] Ashley senses that their exists a fundamental difference between the mediaeval and modern point of view:

> It is that, with us, value is something entirely subjective; it is what each individual cares to give for a thing. With Aquinas it was something objective; something outside the will of the individual purchaser or seller; something attached to the thing itself, existing whether he liked it or not, and that he ought to recognize. And as experience showed that individuals could not be trusted thus to admit the real value of things, it followed that it was the duty of the proper authorities of State, town, or gild to step in and determine what the just and reasonable price really was.[11]

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10 Ibid., p. 139.
11 Ibid., p. 140.

CHAPTER V

SUMMARY AND CONCLUSIONS

SUMMARY

In the introductory chapter the purpose of the study was shown as being (1) to point out that the principal economic force in mediaeval society was the moral teaching of the canonists; and (2) to show that the just price, founded upon the moral teaching of the canonists regarding the rules set down for observing the virtue of justice, was the basis for this economic teaching. The period selected for this discussion extended from the year 1250 A.D. to the advent of the "Black Death" in Europe, in 1348 A.D.

Chapter II placed the just price as treated by the foremost canonist, St. Thomas Aquinas, within the realm of Christian ethics. It was regarded as a segment of the moral teaching on the virtue of justice where, in the exchange of goods, commutative justice was to be observed. General principles were set forth whereby the just price might be arrived at, but Aquinas does not state the particular rules to be followed. That the just price could be fixed by law, was accepted by all mediaeval jurists and theologians. When not fixed by law, it could be arrived at by a reference to the state of the market, the quantity of supply, and by a factor called the "common estimation." Since the just price dealt with equality in exchange, wages paid for

the exchange of labor were also decided on the just price principles.

This concept proved valuable in the mediaeval period because it did much to prevent the buyer from paying too much for a commodity and aided the seller in receiving a just remuneration for his wares.

In Chapter III, the study pointed out the influence of the just price concept on other mediaeval concepts. Usury was, in reality, regarded in the same light as the just price and its prohibition was based on the same moral principles. The just price dealt with the sale of goods; usury with the sale of the use of money. Since both concepts are so closely related, it is of prime importance to our subject to show the canonists views on usury.

Commerce is listed as one of the forces influenced by the just price because the importance of the observance of justice in buying and selling grew more urgent as commerce expanded. Trade was condemned by Aquinas if conducted on a basis of self-enrichment. It was permitted if the motive for gain was for the improvement of the community. The motive for, and use of the gain would determine its moral goodness or evil.

Aquinas held that the right of ownership of property was permissible in two ways; (1) according to the natural law; and (2) according to the human law in the sense that whereas the general rule that men should have the right to own things might be natural, the determination of individual ownership was determined by positive law. This concept

has a direct bearing on the study because it is within the exchange of private property that the concept of the just price lies. If man did not have a right to ownership, equality in exchange would be impossible to determine.

The study, in Chapter IV, turns to a particular segment of society, organized for the protection of the townspeople and for the common good of the community in which it existed. Within the framework of the guild, the just price was the basis for determining the economic policies of distribution. Regulations were drawn up by the various crafts that did much to assure the people of the day, as well as the members themselves, of a just price when goods were exchanged.

CONCLUSIONS

It was not the purpose of this study to seek out the advancements made by civilization in the mediaeval period, since this would require an examination into the whole history of the period. Instead, the study aimed at showing that the principal economic force of this era was the moral teaching of the canonists. It was shown that the treatment of the just price took place primarily in Aquinas', "Summa Theologica", an encyclopoedic account of moral facts. Basic notions, such as those on commerce, usury, and property, were also treated in this work. Economic historians, treating of this period, seem to agree that the concepts set forth by Aquinas were closely followed in practice. In our study, the guild was included to show how these principles applied in an economic society.

It must be borne in mind that the importance played by the Roman Church was not limited to the spiritual sphere. Society looked to the Church for guidance in temporal affairs which immediately concerned it and was advised according to the principles laid down by the canonists.

That the just price, founded upon the moral teaching of the canonists regarding the rules set down for observing the virtue of justice, was the basis for the economic teaching of the period, was expressed in Chapter II. Emphasis was placed by the canonists on distribution, rather than on production or consumption, and it taught that it must be regulated on a basis of strict justice. It is regarded as the basis for the economic teaching of the canonists because during this period, economic activity centered about man's relation to man. Commutative justice demanded that one man should not take advantage of another man, but rather should observe the principle of equality in exchange, the just price.

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Abstract of the Thesis

MEDIAEVAL CONCEPT OF THE JUST PRICE

by

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(A.B., Boston College, 1948)

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Master of Arts

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It is the purpose of this treatise on the Mediaeval Concept of the Just Price (1) to point out that the principal economic theory in mediaeval society was the moral teaching of the canonists; and (2) to show that the just price concept, based upon this moral teaching of the canonists regarding the rules set down for observing the virtue of Justice, was the basis for this economic theory.

In this study, an attempt is made to present the concepts set forth by St. Thomas Aquinas concerning the just price since he was regarded by his contemporaries as the best authority on matters pertaining to this subject. For this reason, the dates set for the discussion cover a period of roughly a hundred years, i. e., from 1250 A.D. to the advent of the "Black Death" in Europe in the year 1348 A.D. Because of the economic upheaval created by the disaster that swept over the whole of Europe, no attempt is made to analyze the just price concept beyond this date.

Chapter II points out that the mediaeval principles governing a just price in exchange were regarded by Aquinas as an explanation of the application of his general teaching on justice to the particular case of the contract of sale. Those principles which applied to the observance of commutative justice were identical with those applied to the observance of equality between buyer and seller in the exchange of a commodity.

It was universally accepted by all mediaeval jurists and theologians that the just price could be fixed by law. This meant that the law-giving authority had the right to fix the just price and once fixed it was to be observed by contracting parties. When the just price was not fixed by law, it was, as a rule, to be arrived at by a reference to the state of the market, the quantity of supply and a factor called the "common estimation".

In the application of the just price concept, it is shown that it did much to protect both buyers and sellers from inequality in exchange. Due to the control that the Roman Church had over Her subjects in the economic as well as the spiritual sphere, few members of this predominantly Christian society were willing to incur Her displeasure.

Chapter III endeavors to point out the influence of the just price concept on other mediaeval concepts. Usury was regarded in the same light as the just price and its prohibition was based on the same moral principles. The just price dealt with the sale of goods; usury with the sale of the use of money. Usury was condemned on the grounds that it was against the virtue of justice.

Commerce also must be considered as one of the major forces influenced by the just price because the importance of observing equality in exchange became much more urgent as commerce expanded. This study presents commerce, when permitted by canonist teaching, as more of an

necessary evil than a positive good. It was condemned if the motive for trade was simply one of self-enrichment. It was permitted if the motive was for the betterment of the community. With Aquinas it would appear that the motive for and the use of the gain derived from trading, would determine its moral goodness or evil.

The mediaeval concept of property is of prime importance to this study for it is within the exchange of property that the just price concept lies. Aquinas held that man had a right to ownership of property in two ways; (1) according to the natural law; and (2) according to the human law in the sense that whereas the general rule that men should have the right to own things might be natural, the determination of individual ownership was by positive law. Without the right of ownership of property man would not, according to Aquinas, be content since man tends to treat more carefully those things to which he has a title.

Chapter IV turns to the principal economic structure of the society of the day, the guild. It was organized primarily for the protection of the townspeople from unfair practices in exchange and for the common good of the community in which it flourished. Within the framework of the guild we see that the just price was the basis for determining, and assuring people of equality in exchange. Various laws passed by the guilds are listed to show to what extent these organizations went to in an effort to observe the just price.

The final chapter is devoted to a brief summary of the findings of the preceding chapters and concludes from these findings that the mediaeval concept of the just price, founded upon the moral teaching of the canonists, was the basis for the economic theory of this period.

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